2010 Tippecanoe Trending Narrative

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Overview

For 2011, sale data from the sales disclosure database was pulled on 3/1/2011 in order to establish value on the March 1st valuation date. Sales occurring 14 months prior to the 3/1/2011 assessment/valuation date were used for annual adjustments; there was substantial data available so we did not need to analyze older sales or utilize time trends. Values were only adjusted if there was a clear indication from a representative sample of contemporary sales that adjustments were necessary to maintain IAAO 2007 uniformity standards. Residential parcels were valued using the 1999 Marshall and Swift cost model and calibrated with trending factors developed from analysis of valid sales. Commercial and Industrial parcels were valued using income capitalization models. Special-use income-producing properties were valued using replacement cost due to scarce data necessary to accurately derive an income value.

Review of Residential Parcels

The majority of residential neighborhoods did not undergo a factor change from trending; 246 neighborhood factors remained the same, 107 neighborhood factors declined and 67 factors increased. The majority of neighborhoods that were adjusted declined in value. Many individuals may also see assessment adjustments resulting from 2012 general reassessment currently in progress.

Many newer platted subdivisions in Wea and Wabash Township are assessed on a front foot methodology. Front foot land pricing is not preferential for platted subdivisions where the lots are uniform in shape and size. If there was substantial vacant land sales in a platted subdivision and the market dictated that marginal differences in size and/or shape does not affect market value, the land pricing method for that subdivision was changed to site value. The site value selected was based on vacant land sales. Changing land methodology causes the trending factor to change; some neighborhoods may have revised trending factors that serve to redistribute the land/building ratio although total values in the neighborhood were primarily stagnant.

Review of Commercial and Industrial

Commercial and Industrial property saw slight declines for most sectors. We began our review by updating potential rents, vacancy rates, expense ratios and capitalization rates in Income Works, our vendor-supplied Income capitalization model. We compared these results to valid sales to validate the effectiveness of the updated models. Generally, these modest decreases in assessed value produced compliant ratio statistics. Most of the viable commercial activity occurred in Fairfield Township; Wea and Wabash saw less commercial activity than previous years. Hotels and retail saw the largest declines in value.

New Developments

Manatron ProVal was the CAMA system used to retrieve trending data, apply factors and store value for 2011 assessments. In previous years, values came from an antiquated COBAL-based CAMA system. For several building types, the COBAL system did not compute values in accordance with the prescribed state tables. Small changes in the way various building types calculate may cause slight changes in assessed value not related to changes in market conditions.